City of Portland Office of Finance & Administration

THE FINANCIAL OUTLOOK

Unaudited

Accounting Period 13 (May 28, 1998 to June 30,1998)

General Fund Financial Outlook (Issue Date: September 15, 1998)

Estimated Year-End General Fund Resources At AP-13 are forecast to range from \$ 327.5 million (LOW) to \$328.0 million (HIGH). AP-13 revised budget resources total \$329.8 million, and are now about \$37.12 million above Council's Adopted, FY1997-98 Budget. Revised Budget estimates reflect "Spring Bump" adjustments but still include three years worth of "COPS" grant revenues. General Fund revenues appear to have come in about 1 percent Increased grant revenues (mainly for below year-ago. Police) and continued good revenue growth outside of the |* Utility License UP 5.8 % vs. year-ago property tax category has offset some of the Measure 50 re- * lated 8.8% year-to-year decline in property tax revenues.

t	RESOURCE RECAP								
	* IBIS Budgeted Resources	\$329,872,723							
,	* Resource Range(High)	\$328,028,349							
•	(Low)	\$327,520,667							
	* Revenues At AP-13(*)	\$287,570,671							
,	Versus Year-AgoUP	-1.13%							
	(*) Net of Short-Term Borrowing								
t	NOTEWORTHY AT AP-13								
•	* Hotel/Motel UP 5.7 % vs. year-ago								
	* Utility License UP 5 8 % vs. year-ago								

- Property Taxes Down -8.8% vs. year-ago

Estimated Year-End Resource Range FY1997-98 **General Fund Financial Model**

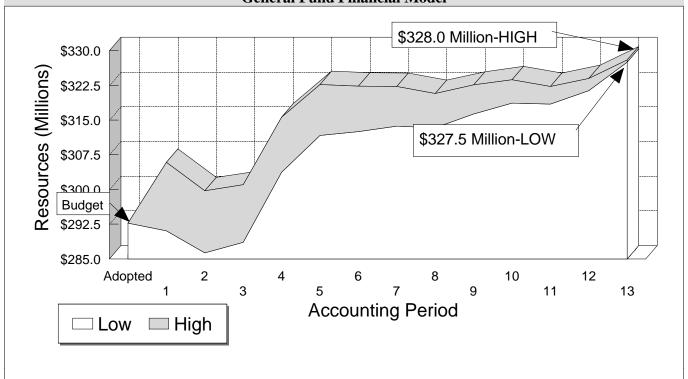


Figure 1-General Fund Resources, Year-End FY1997-98

The Bottom Line: Resources, year-end, are estimated to range from \$327.5 million (Low) to \$328.0 million (High). Budgeted resources are \$329.87 million. Year-end expenditure estimates range from \$298.4 million (Low) to \$299.0 million (High). Forecast year-end balance, beginning FY1998-99 balance, is forecast at \$24.8 million plus or minus a couple of hundred thousand. This puts unbudgeted balance available to Council at \$4.788 million.

Business licenses surged at year-end with a "blow-out" June. June receipts were more than triple any June for the past ten years during which staff has tracked revenues on a monthly basis. Unaudited year-end revenues (net of audit recoveries) are \$49.1 million versus a budget of \$48.6 million. Audit recoveries totaled \$1.47 million versus budget of \$1.1 million. Business license revenues total \$50.6 million registering year over year growth of almost 11 percent and came in slightly over budget.

	EXPENDITURE RECAP									
•	* IBIS Budgeted Expenses									
	* Expense Range(High) \$298,986,979									
•	*(Low) \$298,389,901									
	* Expenses At AP-13(*) \$299,219,439									
-	Versus Year-AgoUp									
	(*) Net of Short Term Borrowing									
	NOTEWORTHY AT AP-13									
	* Personal Services UP 1.9% vs. year-ago									
	* All M&S DOWN -10% vs. year-ago									
-	* Capital Outlays UP 24.6% vs. year-ago									

Transient lodging taxes appear to be \$9.8 million at yearend versus budget of \$9.6 million. Revenue growth of 5.66

percent represents the smallest annual increase in the last ten years. As noted in previous OUTLOOKS, revenue growth over the last three years averaged 9.2%.

Bureau fee revenues continue to "look good" with Parks' fee revenues a surprising 13.6 percent above last year. Miscellaneous (mostly Planning) fee revenues remain a solid 5.4% ahead of last year. Other, mostly Police fee, revenues are running about 13% below year-ago but still appear on track for budget.

Council discretionary revenues total \$237.6 million versus \$240.5 million year-ago, down 1.21%. Gross General Fund revenues total \$287.6 million versus \$290.8 million year-ago, down 1.13% from year-ago.

General Fund expenditures at AP-13 total about \$299.2 million vs. last year's \$291.3 million. General Fund expenses are barely ahead of year-ago levels. Unaudited personal services expenses at year-end total \$179.7 million versus year-ago of \$176.3 million. The period 12 year-end estimate was

Year-End FY1997-98 Expenditure Range General Fund Financial Model

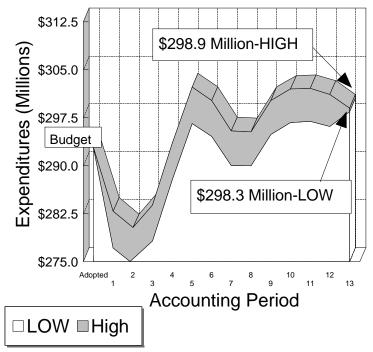


Figure 2-General Fund Expenditures, FY1997-98

\$179.6 million, the difference between forecast and actual amounts to about \$100,000. It is easier towards year-end to get the number about right. The year-end forecast in the period 9 OUTLOOK was \$180 million. Personal services "looked" stronger during the middle of the year before it became clear that a large inventory of vacancies would depress expenses towards year-end.

Materials and services expenditures continue to be logged into the accounting system. External materials and services are pegged at \$46.9 million year-end (inclusive of encumbrances) while internal materials and services should total about \$35.3 million before audit adjustments which typically reduce expenses by several hundred thousand dollars.

Capital outlays as of period 13 are about \$10.7 million versus a budget of \$10.8 million; the budget is for all practical purposes expended This is a first, going back to FY1982-83.

The Estimated Year-End General Fund Balance at AP-13 ranges from \$28.5 (Low) to \$29.6 million (High). The ending balance estimate (subtract estimated year-end expenditures from yearend resources) at this point is revised to \$28.99 million after adjustment for current encumbrances. This amount less bureau carryover requirements of \$3.55 million leaves about \$25.4 million. Bureau excess fee revenues over budget (Police, Fire, Parks, and Planning) total an estimated \$1.11 million. Deducting bureau excess revenues from balance leaves a discretionary balance of about \$24.34 million versus an Adopted Budget FY1998-99 budget balance of \$19.5 million. The difference between the current esti-

mate and Adopted Budget totals about \$4.788 million that **Estimated** is unbudgeted and available to Council this fall. This number is expected to change, there is still the September Resources............. property tax accrual (usually about \$400,000), and any audit Expenses..... adjustments. The changes should be small and should **End Balance** not shift the balance available number by much more than Ending Fund Balance Range several hundred thousand dollars, plus or minus.

Year-End **Balance** Range **Item** Low High \$327,520,667 \$328,028,349 \$298,986,979 \$298,389,901 \$29,638,448 \$28,533,688

Estimated Year-End General Fund Balance Range FY1997-98 **General Fund Financial Model**

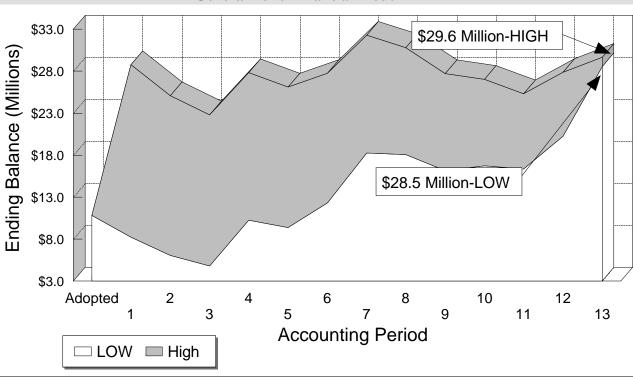


Figure 3-Estimated General Fund Balance, Year-End FY1997-98

Asian Crisis Costs Jobs In Oregon

The recent weakness in northwest exports to Asia is firm proof the Asian crisis has now hit Oregon. With Asian economic conditions likely to get worse before getting better, northest prospects look dimmer. According to Oregonian, hundreds of Oregon workers have lost their jobs because of Asia's economic crisis. Boeing currently expects Asia's crisis to cost 90 jetliner orders during the next 5 years and will buy fewer computers from Sequent which has in turn cut its work force by 9%. Low demand for agricultural products (particularly wheat) is depressing northwest farm incomes. Regional difficulties should not be exaggerated: the U.S. economy remains strong despite weaker second quarter GDP growth. Continued low inflation and stable interest rates provide underlying support for the housing sector and consumers remain optimistic and willing to spend.

Table 1-General Fund Resources, FY1997-98			
	Through	Estimated	Revised
GENERAL FUND RESOURCES BY CATEGORY	AP-13	Year-End	Budget
INTERNAL REVENUES 41000			
Service Reimbursements	. \$18,990,458	\$18,990,458	\$20,190,297
Other Internal & Transfers-IN	\$23,217,446	\$23,217,447	\$39,573,568
PROPERTY & LODGING TAXES 42100			
Property Taxes	\$119,946,326	\$120,385,229	\$109,524,001
Lodging Taxes	. \$9,802,251	\$9,802,251	\$9,619,243
BUSINESS LICENSES, PERMITS 43000			
Business Licenses	\$50,595,485	\$50,595,485	\$49,670,952
Utility License/Franchise	\$41,738,823	\$41,738,824	\$40,536,815
Other Permits	\$2,273,607	\$2,273,607	\$1,966,207
SERVICE CHARGES & FEES 44000	\$9,954,666	\$9,954,666	\$8,965,066
STATE, FEDERAL SOURCES 46000	\$8,927,229	\$8,927,228	\$7,776,062
LOCAL SOURCES (Contracts) 47000	\$5,720,430	\$5,720,420	\$6,780,576
MISC. REVENUES & INTEREST 49400	\$4,945,946	\$4,945,948	\$4,314,456
TAX ANTICIPATION NOTES/Master Lease	. \$0	\$0	\$0
BEGINNING FUND BALANCE	\$24,748,148	\$24,748,148	\$24,718,147
ENCUMBRANCE & CARRYOVER	\$6,237,333	\$6,237,333	\$6,237,333
GENERAL FUND RESOURCE TOTAL	\$327,098,148	\$327,537,043	\$329,872,723
Estimated Percent Of Budget Resources Realized	99.2%	99.3%	

Table 2-General Fund Expenditures, FY1997-98			
	Through	Estimated	Revised
GENERAL FUND EXPENDITURES	AP-13	Year-End	Budget
Salaries & Wages	\$129,034,904	\$129,034,904	\$129,997,004
Overtime	\$7,853,839	\$7,853,839	\$8,299,842
Benefits	\$31,433,779	\$31,433,779	\$33,078,382
Premium & Part-Time	\$11,390,876	\$11,390,876	\$22,411,072
TOTAL PERSONAL SERVICES	\$179,713,398	\$179,623,977	\$193,786,300
Estimated Percent Of Budget Spent	92.7%	92.7%	
EXTERNAL MATERIALS & SERVICES	\$47,565,275	\$46,986,842	\$57,291,282
Estimated Percent Of Budget Spent	83.0%	82.0%	
INTERNAL MATERIALS & SERVICES	\$35,308,398	\$35,295,984	\$36,689,907
Estimated Percent Of Budget Spent	96.2%	96.2%	
CAPITAL OUTLAY	\$10,737,933	\$10,737,933	\$10,818,308
Estimated Percent Of Budget Spent	99.3%	99.3%	
CONTINGENCY & UNFORESEEN	\$0	\$0	\$5,190,026
FUND CASH TRANSFERS	\$25,894,435	\$25,894,435	\$26,084,943
INVENTORY	\$0	\$0	\$0
GENERAL FUND EXPENSE TOTAL	\$299,219,439	\$298,539,170	\$329,860,766
Estimated Percent Of Budget Spent	90.7%	90.5%	

Table 3-General Fund Expenditures By Appropriation Unit, FY1997-98					
Percent Of Year Gone 99.8%					
Percent Year Remaining	0.0%	Through	Estimated	Revised	Percent
AU Description	AU#	AP-13	Year-End	Budget	Spent
Police Bureau	100	\$101,380,642	\$102,321,360	\$115,098,153	88.1%
Fire Bureau	124	\$59,805,830	\$60,051,826	\$59,866,109	99.9%
Bureau Of Parks	130	\$38,053,005	\$38,925,333	\$40,249,802	94.5%
Subtotal-Public Safety and Park	(S	\$199,239,477	\$201,298,519	\$215,214,064	92.6%
Commissioner #2 (Sten)	190	\$563,902	NA	\$572,351	98.5%
Commissioner #4 (Hales)	191	\$566,185	NA	\$572,147	99.0%
Commissioner #3 (Kafoury)	192	\$597,511	NA	\$590,042	101.3%
Commissioner #1 (Francesconi)	193	\$615,729	NA	\$618,391	99.6%
Office Of The Mayor	195	\$1,331,396	NA	\$1,366,955	97.4%
Operating Contingency	298	\$0	\$1,438,417	\$4,540,524	NA
Unforeseen Revenues	298	\$0	\$0	\$649,502	NA
Other Cash Transfers	299	\$11,689,640	\$26,850,599	\$26,713,342	43.8%
Office of Cable Com	300	\$1,620,404	NA	\$1,672,892	96.9%
Unused Line		\$0	NA	\$0	NA
Energy Office	302	\$746,303	NA	\$1,282,611	58.2%
Governmental Relations	303	\$527,565	NA	\$547,173	96.4%
Office Of Fin. & Admin	307	\$17,392,938	NA	\$18,480,909	94.1%
Office Of City Attorney	312	\$3,887,753	NA	\$4,000,462	97.2%
Business Licenses	316	\$2,837,487	NA	\$2,903,154	97.7%
Purchases & Stores	319	\$2,322,278	NA	\$2,299,406	101.0%
Stock Account	325	(\$47,251)	NA	\$45,000	NA
City Auditor	336	\$4,076,491	NA	\$4,358,744	93.5%
Metro. Human Rights	341	\$0	NA	\$0	0.0%
Neighborhood Assoc	342	\$3,450,328	NA	\$3,487,139	98.9%
Bureau General Services.	346	\$1,233,072	NA	\$1,259,779	97.9%
Arts Commission	375	\$0	NA	\$0	0.0%
Special Appropriations	401	\$16,162,971	NA	\$22,232,287	72.7%
Bureau Of Planning	510	\$7,940,818	NA	\$8,407,885	94.4%
Bureau Com. Develop	540	\$5,757,246	NA	\$7,877,964	73.1%
Subtotal-All Other AUs		\$83,272,766	\$100,604,788	\$114,478,659	72.7%
General Fund Total-All AUs	3	\$282,512,243	\$301,903,307	\$329,692,723	85.7%

Table 4-Revenue and Economic Indicators

This table summarizes some basic revenue and economic indicators. The onset of an economic slowdown or financial trouble will be reflected by indicators that climb above the applicable "Concern Level."

	FY1997-98	FY1997-98	
Reserve Fund Usage Condition	3rd Quarter	2nd Quarter	Concern Level
Basic Revenue Growth (*)	-2.0%	-2.4%	Below 5.5%
Portland Unemployment Rate	3.9%	4.2%	Above 6.5%
Business License Revenue Growth	6.0%	8.4%	Below 5.5%
Property Tax Delinquency Rate	5.9%	6.0%	Above 8.0%

^(*) Basic revenues include property taxes, transient lodgings taxes, business licenses, cigarette and liquor tax distributions, utility license/franchise fees, and interest income revenues, last 12 months compared to year-ago.

Financial Outlook, AP-13

FY1997-98, FOFY9813

THE DATA CORNER Recent Economic & Financial Data: CPI Data

The Bureau of Labor Statistics released Portland consumer price index information for the first half of calendar 1998 (last half of fiscal 1998). Porttland CPI indexes are published twice yearly and represent estimates for a six month period. The firsthalf of calendar 1998, January through July CPI-U came in at 2.2% above the same six month period year-ago. The CPI-W increase came in at 2% above year-ago. These two annual increases are lower than the previous six month increases. The table below summarizes Portland CPI data back to 1987.

	CPI-U, PORTLAND, All Urban Consumers (1982-84=100)					
	Jan June	12 Month	July - Dec.	12 Month	Annual	12 Month
Year	CPI-U	% Change	CPI-U	% Change	Average	% Change
1987	109.9	1.7%	111.9	3.3%	110.9	2.5%
1988	113.6	3.4%	115.9	3.6%	114.7	3.4%
1989	119.3	5.0%	121.6	4.9%	120.4	5.0%
1990	124.9	4.7%	129.8	6.7%	127.4	5.8%
1991	132.8	6.3%	135.1	4.1%	133.9	5.1%
1992	138.8	4.5%	140.9	4.3%	139.8	4.4%
1993	143.6	3.5%	145.8	3.5%	144.7	3.5%
1994	147.7	2.9%	150.1	2.9%	148.9	2.9%
1995	152.5	3.2%	153.9	2.5%	153.2	2.9%
1996	157.2	3.1%	160.0	4.0%	158.6	3.5%
1997	162.6	3.4%	165.5	3.4%	164.1	3.4%
1998	166.1	2.2%	NA	NA	NA	NA
	C	PI-W, PORTL	AND, Urban	Wage Earner	s (1982-84=1	00)
	Jan June	12 Month	July - Dec.	12 Month	Annual	12 Month
Year	CPI-W	% Change	CPI-W	% Change	Average	% Change
1987	107.5	1.4%	109.5	3.3%	108.5	2.4%
1988	110.9	3.2%	113.0	3.2%	112.0	3.2%
1989	116.4	5.0%	118.7	5.0%	117.6	5.0%
1990	121.8	4.6%	126.6	6.7%	124.2	5.7%
1991	129.6	6.4%	132.1	4.3%	130.8	5.3%
1992	135.5	4.6%	137.7	4.2%	136.6	4.4%
1993	140.3	3.5%	142.6	3.6%	141.5	3.6%
1994	144.3	2.9%	146.8	2.9%	145.6	2.9%
1995	149.1	3.3%	150.7	2.7%	149.9	3.0%
1996	153.9	3.2%	156.5	3.8%	155.2	3.5%
1997	159.0	3.3%	161.7	3.3%	160.4	3.3%

CPI data is widely available and can be accessed in the following ways:

CPI 24 Hour Hotline for Portland (503) 231-2045

2.0%

- Bureau of Labor Statistics-San Francisco (415) 975-4406
- The Bureau of Labor Statistics Web Site: http://stats.bls.gov.blshome.html/

162.2

1998

1999

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